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14 January 1954

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of the Bureau of the Budget at 4:00 p.m.
Thursday, January 7

1. Attendance: Messrs. Hamilton and Perry of the Bureau of the Budget, Col. White, Messrs. Saunders and [] of CIA.

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2. The question of security clearance of Mr. Wilkens of the Military Division of the Bureau of the Budget was discussed. It was stated that he is now NSA examiner and that he had indicated that the Military would call CIA indicating clearance which had been given. Col. White stated that he would follow up on this and would check with Mr. [] and others in OCI as found necessary. He further indicated that the Bureau of the Budget examiners were not at liberty to discuss this area with [] until the question of clearance had been resolved.

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3. The Bureau of the Budget policy is that no federal funds are to be used in the construction of a CIA building. The Bureau of the Budget considers the adequate housing of the Agency as a CIA-GSA problem, but if there are any budgetary problems involved it should be referred back to the Bureau. It was indicated that AEC has worked out an arrangement for either a lease or a lease purchase agreement which will provide them with adequate housing in a private building. It was suggested that a similar arrangement might be worked out for CIA. Col. White stated that GSA had indicated that the housing problem of the Agency could not be resolved except by construction of the building. The Bureau of the Budget indicated that under the broad policy for the Government as a whole such view could not be accepted.

4. The Budget Bureau representatives indicated that probably some time during March a distribution of the CIA 1955 budget would be requested on the basis of the uniform classification of intelligence activities. Col. White asked if the classifications prepared by the ad hoc committee were satisfactory to the Bureau of the Budget. The reply was that the classifications were not all that had been hoped for, but that they were satisfactory as a starter. After getting some experience in using the comparative estimates from the various agencies it is probable that the Budget Bureau will have some suggestions and will want to discuss further the classifications.

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5. The Budget Bureau representatives plan on completing the review of offices in the DD/A and DD/I areas beginning in the latter part of March.

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6. The Bureau of the Budget desires discussion with [] in connection with the long-term strategic planning of clandestine operations as a result of the comments made by Mr. [] during the DD/P hearings on the 1955 budget last fall.

7. The Budget Bureau representatives plan on reviewing the material which they have in their safes in their office with a view of determining which part of it should be returned to the Agency for filing in their assigned safe in the Budget Division.

8. The Budget Bureau representatives inquired concerning the position of the Agency in connection with the proposal that no-year funds be utilized. As a matter of policy, the Bureau of the Budget has agreed that the reserve for contingencies can be considered no-year if so agreed to otherwise without further clearance. This is on the basis that portions of the CIA funds were included in no-year appropriation items in the appropriation bill in 1952 and 1953, and is not based upon a change in the policy. If it is intended, however, that no-year funds be considered on the entire funds of the Agency, further clearance must be obtained from the Bureau of the Budget.

9. The question was raised as to the submission of a monthly report on the special deposit account by fiscal years. It was explained that the delay in submitting the proposed report was due solely to the pressure of work and that the undersigned would call them within the course of a week or ten days concerning this problem.

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10. The Budget Bureau representatives asked about the status of [] Col. White indicated that the development of the inventory was a relatively long and tedious job, but that it was progressing.

11. The Budget Bureau representatives indicated that they had certain comments concerning the proposed budget format for the submission of the 1956 budget. It was agreed that a meeting would be held later to discuss the details of these suggestions. During the course of the discussion, however, they indicated the following specific items:

- a. The personnel statistics were not directly comparable to the dollar statistics in the position and A.E. summary and in the activity tabular statement.

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- b. In some instances the workload statistics were given for the fiscal years 1952 and 1953 in the 1955 budget submission. The Bureau would prefer in addition estimates for the current and the budget year as well as for prior years.
- c. Some of the narrative material (apparently in reference to the objectives and accomplishments) did not support nor was it written in such a form as to be related to the dollar estimates included in the budget submission.
- d. In view of the fact that the budget for the Agency is becoming more static, the question was raised as to whether it would be possible to provide justifications on the full budget rather than justification and explanation of changes.

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13. The Budget Bureau representatives indicated that the proposed legislation providing for uniform allowances for transportation of goods overseas was being drafted and that they would appreciate our comments on the proposal. A copy of the proposal was furnished us for review.

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